

THIRD TAXING DISTRICT

NOVEMBER 17, 2003

REGULAR MEETING

ATTENDANCE: David Brown, Chairman; Stephen Feinstein; Paul Coggin

STAFF: George Leary; Ron Scofield; Attorney Larry Dennin; John Stoops

Mr. Brown called the meeting to order at 7:00 pm.

PUBLIC COMMENTS

There were no comments from the public this evening.

APPROVAL OF THE MINUTES

**** MR. BROWN MOVED APPROVAL OF THE MINUTES OF OCTOBER 20, 2003 AS AMENDED.**

**** MR. COGGIN SECONDED.**

The following correction was made:

Page 8, in the second motion, after the word repairs add: AND THE DISTRICT SHALL PAY ALL AMOUNTS.

**** MOTION PASSED UNANIMOUSLY.**

SCHEDULE OF MEETINGS FOR 2004

Mr. Leary proposed meeting dates for 2004. The following changes were made – April 26th (instead of 19th), March 15th and 29th (instead of 3rd and 15th), May 10th and 24th (instead of 17th and 31st) and June 14th (instead of 21st). All the other proposed dates would remain the same.

**** MR. BROWN MOVED TO ACCEPT THE AMENDED MEETING SCHEDULE FOR 2004.**

**** MR. COGGIN SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

GENERAL MANAGER'S REPORT

Mr. Leary made the following comments regarding his report dated November 17, 2003. The cable project is halfway complete; there was a discussion on the billing system and the training involved. On the topic of power supply costs, Mr. Leary noted that this is still volatile and unpredictable. There was a discussion on charges. Mr. Leary referred to metering giving an explanation of demand meters and how they intend to use them. With respect to insurance there was a dialogue about the language used. A

conclusion was reached that they should consult with their current agent. The last item on the report was the energy conservation program – Mr. Leary recommended that the Third Taxing District partake in the light bulb program.

MONTHLY OPERATING REPORTS

Mr. Leary referred to the billing report and there was a discussion on fluctuating numbers, interest and the residential power supply. Mr. Leary suggested that a representative from CMEEC come in to answer questions.

PURCHASE OF EMERGENCY EQUIPMENT

Mr. Leary said that he hoped to have the prices they needed to purchase three more portable generators. There was a brief discussion about the need for more two-way radios; it was concluded that they have enough.

MARVIN ACCOUNT PAYMENT PLAN

Mr. Leary said as a result of the meter audit; they had found a discrepancy in the Marvin account; he had spoken with them and they had agreed to make re-payments over the next two years. Discussion ensued.

**** MR. COGGIN MOVED TO ALLOW THE MARVIN (AKA UNDER ONE ROOF) TO REPAY THE AMOUNT OF \$8,793 OVER A TWO-YEAR PERIOD.**

**** MR. BROWN SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

SIGNATURE AUTHORITY FOR CAPITAL IMPROVEMENTS

ACCOUNT AT TRUST CO OF CONNECTICUT

With regard to this account only, Mr. Leary said there is nothing in writing about two commissioners signatures when money needs to be moved. There was a discussion on who should sign checks and the establishment of the policy relating to this.

**** MR. COGGIN MOVED APPROVAL FOR DISTRICT FUNDS TO BE MOVED, TRANSFERRED OR PAID FROM THE CAPITAL IMPROVEMENT ACCOUNT AT THE TRUST COMPANY OF CONNECTICUT, THE SIGNATURES OF TWO COMMISSIONERS DIRECTING SUCH TRANSFER OR MOVEMENT ARE REQUIRED.**

**** MR. BROWN SECONDED.**

**** MOTION PASSED UNANIMOUSLY**

INCREASE OF CREDIT CARD LIMIT FROM \$2000 TO \$4000

Mr. Leary explained that there has been a problem with the credit card when the limit goes over \$2000 and suggested that the limit be increased. There was conversation about the limitations of the credit card company and the benefits of using a credit card.

- ** MR. BROWN MOVED TO INCREASE THE CREDIT LINE TO \$4000**
- ** MR. FEINSTEIN SECONDED.**
- ** MOTION PASSED UNANIMOUSLY.**

PROPOSAL FOR HOLIDAY LIGHTING CONTEST

Mr. Leary indicated that this is a community effort; it is in fashion and helps to build good relationships. There was a discussion on what budget the money would come from to pay for this. Mr. Feinstein noted his opposition with reference to different religious groups.

- ** MR. BROWN MOVED TO INCREASE THE BUDGET TO \$2000**
- ** MR. COGGIN SECONDED.**

Mr. Coggin gave his thoughts on the religious aspect. A discussion on the winners and the judges followed. Mr. Coggin noted his opposition to the budget being increased.

- ** MR. BROWN WITHDREW HIS MOTION.**

REPORT ON AUDITS FOR FISCAL YEARS ENDED

JUNE 2002 AND JUNE 2003

Mr. Leary indicated that the 2002 audit is progressing slowly; there are still some outstanding items before the 2003 can commence. Mr. Coggin noted his disapproval of the company in that they did not give any indication of a time line. There was much discussion on the timing involved with both the 2002 and the 2003 audits.

Mr. Leary distributed a proposal from McGladrey and Pullen and a memo from Abbot K. Snow.

There was further discussion on what still needs to be done and the hours required for Mr. Snow to assist with the fieldwork. It was suggested that a special meeting be called in order for the auditors to attend so any questions may be answered.

At 9:15 pm there was a five-minute recess. The Commissioners reconvened at 9:20 pm.

DISCUSSION OF ELECTRICAL DEPARTMENT EMERGENCY PLAN

There was a brief discussion on the plan included in the back up material. Mr. Leary noted that they would be having an employee meeting on Thursday to discuss the employee's role. It was concluded that any recommendations and comments would be distributed to the commissioners.

DISCUSSION OF POSSIBLE UPDATES TO JOB DESCRIPTIONS

FOR UNION PERSONNEL

Mr. Coggin suggested that the wording in the job descriptions could be clarified with regard to grievances and to avoid any confusion. There was discussion on how this could be done and if Mr. Hodgson need be involved.

**** MR. BROWN MOVED TO GO INTO EXECUTIVE SESSION TO DISCUSSION ITEM 14) VANDERBILT LITIGATION UPDATE AND ITEM 15) GENERAL MANAGER EMPLOYMENT AGREEMENT.**

**** MR. FEINSTEIN SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

Those present in executive session were Commissioners Brown, Feinstein and Coggin, Mr. Leary, Mr. Scofield, Attorney Dennin and Mr. Stopps. They went into executive session at 9:40 pm and reconvened into public session at 10:15 pm and took the following action.

With regard to the Vanderbilt litigation update, Mr. Brown made the following motion.

**** MR. BROWN MOVED THAT THEY ALLOW MR. LEARY TO SEND VANDERBILT A LETTER THAT THEY HEARD READ WITH THE CHANGE OF \$5,500 AS AN AMOUNT TO SPEND ON TRANSFORMERS IF THEY PUT THEM OUTSIDE.**

**** MR. COGGIN SECONDED.**

Mr. Coggin added that through the motion it was understood that there is also approval of funding to pay for those transformers.

**** MOTION PASSED UNANIMOUSLY**

Mr. Brown said the second matter they discussed was the general manager's employment agreement.

**** MR. COGGIN MOVED TO APPROVE THE EMPLOYMENT AGREEMENT FOR GENERAL MANAGER, GEORGE LEARY AS DRAFTED ON NOVEMBER 17, 2003 AND ALSO AS APPROVED BY COUNCIL AND EXTENDED TO MR. LEARY.**

**** MR. BROWN SECONDED.**

FEINSTEIN: I have some concerns with regard to the contract and made the following comments, I would like them to be added to the minutes.

BROWN: The tape is still running.

FEINSETIN the problems I have with this contract are as follows. First of all it is a three year contract; we paid Pullman and Connolly \$80,000 for a decision to make the finding that a two year contract was the most they could ever offer a general manager, otherwise it was illegal and improper. Secondly, I felt that we are over-compensating a first year general manager; I made this point at an earlier meeting. We are now paying even more, \$107,000 as a base fee plus we are now paying \$9,500 for a pension plus auto, the housing is included in the \$107,000. This, as I had said before is more than we should be paying a first year general manager.

The other problem I have with the contract is that Mr. Leary was given an offer when he first came on board. He came in with his eyes open to what was available and what wasn't available and over the course of the contract negotiations more and more got added to the original letter of intent to where it has basically been doubled, in my opinion from the original offer. He (Mr. Leary) had the opportunity to reject the original offer if he didn't like it or to ask for more. But once that letter was sent to him that was the outline of the agreement and now it has been increased and I do not think that was appropriate.

I also have problems with the language in paragraph seven regarding the reasonable significant performance failures. There are no standards to that going by what maybe significant to a single commissioner request; this may seem to be insignificant to others.

Since we are paying Mr. Leary such a high compensation rate and have been forced to hire an accountant to do that rate. As I had said before, we are not paying \$131,000 for two people to perform the job that one person needs to pay \$112,000 for. It is inappropriate to expect rate payers to pay that sum. Therefore I will be voting against the contract.

BROWN: Firstly we did not pay Pullman and Connolly \$80,000 to make a decision and number two there is also a legal opinion from Mr. Hodgson contradicting what ever Pullman and Connolly said. We have also taken the advise that having the general manager also be a bookkeeper also being your district clerk was highly unethical and that wasn't a way to run a business and shouldn't have been done in the first place. It is costing a little more money to do it but this is the way to run a business; you need your checks and balances and your division of services and Kim Snow is a, for what he does, is a big help to the company. Having said that, we have a first and a second so I call the question.

COGGIN: Steve is there was anything we can do would incline you to vote for the contract for Mr. Leary.

FEINSTEIN: For this contract? No.

COGGIN: What if we changed the language about reasonable significant or clarify that or change the salary to \$100,000 instead of \$107,000 or cut the pension down to \$5,000 as opposed to \$9,500 that would not incline you to do it.

FEINSTEIN: If they made it two years, to concur with the Commission, to concur with the case law that exists in Connecticut and despite Mr. Brown's commentary that Mr. Hodgson said this is a very gray

area and is subject to litigation. As a matter of fact we did pay \$80,000 to Pullman and Connolly and more for legal fees. The bottom line is you handed it to George, expected to cure the problem and now you want to change it around. If you can get it down to what I thought was a reasonable salary for a first year general manager on a two year contract, the yes, I would vote for it.

DENNIN: There are some positions (inaudible) like the chief of police, for example (inaudible).

COGGIN: The Mayor has a two year contract.

DENNIN: That is an elected position.

DENNIN: There are some positions like the superintendent of schools that in the state statute do talk about the minimum term of employment but there is not for the general manager.

STOOPS: In my opinion Mr. Leary is more than able to recover and do a very good job as a general manager. He has certainly identified outstanding accounts and errors to justify any differential that we may be talking about. Three years does not seem like a long time and he is experienced and will do a good job for the district. Didn't you look at the letter that was extended to Mr. Leary when it was sent out and if so why wasn't it worded in such a way where they could not be any changes?

FEINSTEIN: That's what the original contract was (inaudible) and it got expanded and expanded and expanded.

COGGIN: I acknowledge that the pension was not addressed in the cover letter or the offer letter that was later addressed in the contract but apart from that everything else is very consistent. I appreciate Steve's comments (inaudible). From everything we have heard from Chris and Larry, our attorneys, this has led me to believe this document is fine the way it is.

**** MOTION PASSED TWO VOTES IN FAVOR, ONE VOTE OPPOSED (MR. FEINSTEIN).**

LEARY: There are only two years left on this contract so they might as well follow a two year contract at this point. The other is if they take the salary and benefits given in this contract and compare it to the prior manager's salary and benefits; you are still not up to what it cost for the last manager.

ADJOURNMENT

**** MR. FEINSTEIN MOVED TO ADJOURN.**

**** MR. COGGIN SECONDED.**

**** MOTION PASSED UNANIMOUSLY.**

The meeting was adjourned at 10:40 pm.

Respectfully submitted,

Kate Kye

Telesco Secretarial Services